

# MEMO to MAILERS



Photo: Jim Stanley

## HARRY POTTER gets magical SERVICE from USPS

Scholastic Inc. drops its books directly to BMCs

Scholastic Inc.'s Director, Delivery Services Libby Pool (r) and USPS National Account Manager Ahren Duke III are astounded by the latest adventures of Harry Potter and amazed that the books have occupied the top three positions on the N.Y. Times best-seller list.

Generations of American school children have learned the joy of reading from Scholastic Books. As the publisher of the hottest juvenile titles in the country, J.K. Rowling's Harry Potter series, Scholastic Inc. is turning a new generation of kids into readers with the tales of the young wizard-in-training.

What magic does Scholastic use to deliver a large portion of its books to schools across the country? It uses the U.S. Postal Service.

Scholastic Inc. runs its book club operations from a 1.5 million square-foot warehouse in Jefferson City, MO. Libby Pool, director, delivery services, explains, "We had always used the Postal Service for shipping our books into the middle of the country, but for deliv-

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### LEGISLATIVE UPDATE

#### SWEEPSTAKES BILL PASSES

President Clinton signed into law the Deceptive Mail Prevention and Enforcement Act. The bill requires sweepstakes companies to clearly and conspicuously state that entrants do not have to make purchases to win and that purchasing will not improve the chances of winning. The law goes into effect April 13.

In his statement, President Clinton said, "This legislation will protect Americans against those who use sweepstakes and mailings to deceive and exploit the unwary."

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Under the legislation, companies cannot describe recipients as "winners" unless they have actually won prizes. Contest details and the odds of winning must be prominently displayed.

The act also prohibits mailings that use facsimile checks or give the appearance of federal government documents. Sweepstakes companies will be required to maintain do-not-mail lists and have a toll-free phone number for those who wish to be removed from mailing lists.

In addition, the bill gives the Postal Inspection Service subpoena power and authority to issue stop-mail orders on mailings that violate federal rules. Fines up to \$1 million can be imposed for the first offense, with double that amount for subsequent violations.

The legislation had the support of the Direct Marketing Association for setting uniform standards for sweepstakes mailings. ■

# Making the CASE for the Rate Case

**T**he U.S. Postal Service Board of Governors approved the Postal Service's latest request to increase postal rates and fees and filed the R00-1 Omnibus Rate Case with the Postal Rate Commission (PRC). The overall rate increase is 6.4 percent. The new rates will be implemented in 2001.

In general, rate increases for each subclass reflect the overall cost trends for that subclass. As a result of the success of the letter automation program, increases for letter shaped items, particularly First-Class Mail, are generally modest. Small increases are proposed for Express Mail and Parcel Post, reflecting the cost trends for those categories.

At the same time, costs have increased more rapidly for flat-shaped items such as Periodicals, Standard Mail (A)

catalogs and Bound Printed Matter. Also, Priority Mail costs have increased as the Postal Service has worked to improve service. The proposal calls for larger-than-average increases for those categories.

The primary structural changes occur in Bound Printed Matter, return services and post office boxes. The Bound Printed Matter rate structure will be revised to encourage mailers to deposit mail closer to the point of delivery in much the same way parcel post and Standard Mail (A) rates are now structured.

In general, return services such as Business Reply Mail, Merchandise Return and Bulk Parcel Return Service will become more economical for customers. Fees for post office boxes are being restructured so that they will better reflect the local costs of providing the service.

the proposed price of a First-Class Mail stamp would be lower than it was in 1971.

## **Q. Are rates going up this year?**

**A.** No. Rates will not go up before 2001. That means we'll have another holiday mailing season without an increase. The Postal Rate Commission, an independent regulatory agency, may take up to ten months to evaluate the request.

## **Q. Why does raising rates take so long?**

**A.** The process required by current law is long and complicated. Simply put, the Postal Service determines what in-

creases it needs. If its Board of Governors agrees, the proposals are given to the Postal Rate Commission (PRC), which requires the Postal Service to prepare complex documentation of its proposals. The PRC then holds hearings to listen to opinions from interested parties. And after ten months, the PRC makes a recommendation. The Governors can accept the recommendations of the PRC or send them back for reconsideration. Under certain circumstances they can, by unanimous vote, change them.

## **Q. Why does the Postal Service need an increase when it has reported record surpluses in the past five years?**

**A.** The cost of doing business has risen. Without an increase we face significant losses in the future and that could adversely impact the nation's mail service. Remember, the Postal Service receives no tax dollars for operations. We rely solely on the sale of our products and services. Unlike our competitors, we have not raised our rates every year.

The funds generated from the net income of the past four years were used for debt reduction and to fund our capital investment program. Our financial success has allowed us to offset much of the prior years' losses. But we still have more than \$3.5 billion to recover.

## **Q. Why can't you just cut costs the way every American business has when they go over budget?**

**A.** We have. Last year, in Fiscal Year 1999, we reduced our expenses by \$700 million. And during this period, we have not received one cent of tax money for operations.

We are continuing to focus on cost reductions. In Fiscal Year 2000 we are moving to reduce headquarters programs and initiatives by more than \$500 million. We will in fact process a higher volume of mail with fewer resources through increases in productivity.

## **Q. Won't mail volume decrease with the rate increase?**

**A.** Such a modest increase should have little effect on the volume in a healthy economy. It is important to business that reliable, efficient mail delivery to every community be maintained. Making investments in new technologies, new facilities and infrastructure is essential to continue universal service at reasonable prices to every American household and business in the country.

## **Q. Wasn't automation supposed to slow down rate increases?**

**A.** It has. Today, we sort twice the amount of mail that we did 20 years ago with the same number of employees. Without automation, the current price of a stamp would be much higher. Automation results are continuing to improve and we have tightened our controls to reduce overtime. Automation has enabled the Postal Service to achieve \$15.2 billion in savings since 1987. ■

# Rate Proposal Breakdown

## First-Class Mail PROPOSED CHANGES

The one-cent increase in the basic price of First-Class Mail postage reflects a rate that is lower than the increase in the cost of living in the U.S. since the last postal rate increase. This request matches the lowest increase in Postal Service history for the basic First-Class Mail rate. Adjusted for inflation, the proposed price of a First-Class Mail stamp would be lower than it was in 1971. The increase for letters, as a whole, would be the fourth straight increase for the subclass that is at or below the rate of inflation.

All current elements of the First-Class Mail rate structure would remain in place, with one exception: a rate structure change for automation rate flats. The proposal calls for an overall increase of 3.6 percent for First-Class Mail.

### SINGLE-PIECE LETTERS, FLATS, PARCELS and CARDS

The single-piece, first-ounce rate for letters, flats and parcels would increase one cent to 34 cents. The rate for each additional ounce would increase from 22 to 23 cents. Because this rate went down one cent in the last rate case, the proposal returns the rate to the 23-cent level that prevailed from 1991 until 1999. The nonstandard surcharge would remain at 11 cents.

The single-piece card rate would increase one cent to 21 cents. Since the card rate did not increase as a result of the last rate case, this would represent the first increase since January 1995.

### PRESORTED NON-AUTOMATED LETTERS, FLATS, PARCELS and CARDS

The first-ounce rate for letters, flats and parcels would increase from 30.5 to 32 cents. The nonstandard surcharge would remain the same at 5 cents. The additional-ounce rate would increase from 22 to 23 cents. The 4.6 cent heavy piece discount for mail weighing more than two ounces remains. Presorted cards would increase by one cent to 19 cents.

### AUTOMATED LETTERS, CARDS and FLATS

The first-ounce letter rate for basic automation letters would increase from 27 to 28 cents, the 3-digit rate from 26.1 to 27.1 cents, the 5-digit rate from 24.3 to 25.3 cents, and the first-ounce Carrier Route letter rate from 23.8 to 24.8 cents.

The combined 3/5-digit rate for flats would be replaced by a separate 3-digit rate and a separate 5-digit rate for flats. As shown in the table below, preparation to the 5-digit level would be optional.

### One-Ounce Flat-Sized Nonstandard surcharge also applies

	basic	3/5	3-digit	5-digit
CURRENT	30 cents	27 cents	N/A	N/A
PROPOSED	31 cents	N/A	29.5 cents	27.5 cents

The nonstandard surcharge would remain at 5 cents. The additional-ounce rate would increase from 22 to 23 cents.

The 4.6 cent heavy-piece discount for presorted and automation rate mail weighing more than 2 ounces remains.

The rate for basic automation cards would increase from 16.6

to 17.4 cents. The rate for 3-digit cards would increase from 15.9 to 16.7 cents, the 5-digit rate would increase from 14.6 to 15.4 cents and the rate for Carrier Route cards would increase from 14.1 to 14.9 cents.

### QUALIFIED BUSINESS REPLY MAIL (QBRM)

The first-ounce letter rate for QBRM would increase from 30 to 31 cents, and the card rate would remain at 18 cents. The additional ounce rate would increase from 22 to 23 cents.

### BUSINESS REPLY MAIL (BRM)

For other BRM, the rate would be the applicable First-Class Mail rate, 34 cents for letters and 21 cents for cards. The additional ounce rate would increase from 22 to 23 cents.

### Q. Why is the 3/5-digit rate for flats being split into separate 3-and 5-digit rates?

A. This change responds to mailer suggestions. It creates rates for flats that more closely parallel those for letters, and better reflects worksharing efforts. The proposal calls for a 29.5-cent first-ounce 3-digit rate and a 27.5-cent first-ounce 5-digit rate for flats. Preparation to the 5-digit level would be optional.

## Expedited Services-Priority Mail

### PROPOSED CHANGES

Priority Mail costs have increased as the Postal Service has worked to improve service. Due to the increased costs, the proposal calls for a larger-than-average 15 percent increase for Priority Mail.

### RATES and FEES

The 2-pound Priority Mail rate would increase from \$3.20 to \$3.85. The \$3.85 rate also would apply to the flat-rate envelope. The proposal calls for a new \$3.45 1-pound rate for Priority Mail. Currently mailers pay the same rate for all pieces weighing less than 2 pounds.

### Priority Mail Rate (rates available up to 70 pounds)

Weight (pounds)	CURRENT RATE	PROPOSED RATE
1 pound or less	\$3.20	\$3.45
Flat Rate <sup>1</sup>	\$3.20	\$3.85
Over 1, up to 2	\$3.20	\$3.85
Over 2, up to 3	\$4.30	\$5.10
Over 3, up to 4	\$5.40	\$6.35
Over 4, up to 5	\$6.50	\$7.60

<sup>1</sup>The 2-pound rate is charged for matter sent in a flat-envelope provided by the USPS, regardless of the weight of the piece.

### DELIVERY CONFIRMATION

Zero-fee electronic delivery confirmation service for Priority Mail would continue. The retail Delivery Confirmation service fee for Priority Mail would increase from 35 to 40 cents.

### SIGNATURE CONFIRMATION

Signature Confirmation provides the customers with confirmation of delivery, plus a copy of the recipient's signature. Electronic signature confirmation service would be \$1.25. Retail signature confirmation service would be \$1.75.

### BULK INSURANCE SERVICE

Bulk Insurance Service discounts would increase substantially over the current discount of 40 cents per insured piece. Separate discounts would be

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## RATE PROPOSAL BREAKDOWN

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available for “unnumbered” (\$50 and under) and “numbered” (\$50.01 to \$5,000) insured articles. The discount for unnumbered insured articles would be 75 cents per insured piece, and for numbered insured articles the discount would be \$1.00 per insured piece.

### PICKUP SERVICE

Pickup service is available for Express Mail, Priority Mail and Parcel Post on an on-call basis. The fee for pickup service would increase from \$8.25 to \$10.25.

## Expedited Services-Express Mail

### PROPOSED CHANGES

The proposal calls for a modest overall 3.8 percent increase in rates for Express Mail. There are no changes to the rate structure.

### RATES and FEES

Next Day and Second Day Post Office to Addressee Service is, by far, the most widely used service, representing approximately 98 percent of the volume. For this service, the half-pound rate would increase from \$11.75 to \$12.30. The 2-pound and flat rate would increase from \$15.75 to \$16.05.

### Express Mail Rates

Next Day and Second Day Post Office to Addressee  
(rates available up to 70 pounds)

Weight (pounds)	CURRENT RATE	PROPOSED RATE
½ pound	\$11.75	\$12.30
Flat Rate <sup>1</sup>	\$15.75	\$16.05
Over ½, up to 2	\$15.75	\$16.05
Over 2, up to 3	\$18.50	\$18.85
Over 3, up to 4	\$21.25	\$21.70
Over 4, up to 5	\$24.00	\$24.50

### INSURANCE

Express Mail insurance would still provide the first \$500 in merchandise coverage as part of the original rate. The fee for every \$100 of additional insurance desired above the standard \$500 of coverage would increase from 95 cents to \$1.

### PICKUP SERVICE

Pickup service is available for Express Mail, Priority Mail and Parcel Post on an on-call basis. The fee for pickup service would increase from \$8.25 to \$10.25. The fee is per pickup stop, not per piece, the way our competitors charge.

### Q. Why are Priority Mail rates increasing so much?

A. Priority Mail costs have increased as the Postal Service has worked to improve service. To lessen the impact of the increase, we are proposing a new one-pound Priority Mail rate of \$3.45. Currently mailers pay the same rate for all pieces weighing less than two pounds.

## Periodicals

### PROPOSED CHANGES

The proposal calls for overall increases in the four Periodicals subclasses that range from 8.5 to 13.5 percent. The increases for individual rates for larger commercial customers would range from 12 to 15 percent; for smaller commercial customers the increase would range from 10 to 15 percent.

### RATES

Rates for Periodicals would be simplified. Nonprofit and Classroom mailers would use the same rates as Regular Peri-

odicals and receive a 5 percent discount on the postage. The discount would not be applicable to advertising pound postage.

### DESTINATION ENTRY DISCOUNTS

Further reductions are proposed in rates for destination delivery unit (DDU) and destination sectional center facility (DSCF) mail. The DDU reduction for Regular, Nonprofit and Classroom rates would increase to 2.1 cents per piece and DSCF discount would increase to 1.2 cents per piece. The DDU reduction for Within-County rates would increase to 0.5 cents per piece.

### FEES

Only one fee for Periodicals would increase. The \$305 original entry fee is proposed to increase to \$350. The re-entry and news agents fees would decrease from \$50 to \$40. The additional entry fee is proposed to remain at \$50.

### Q. Why are Periodical rates increasing so much?

A. The rate increases reflect significant growth in the costs of processing and delivering flat-shaped pieces. To lessen the impact of the increase, we are proposing substantial destination entry discounts.

## Standard Mail

### PROPOSED CHANGES

Rates for Commercial Enhanced Carrier Route (ECR) rates are proposed to increase 4.9 percent. Regular rates are proposed to increase 9.4 percent. The proposal calls for increasing the maximum weight for automation letters to 3.5 ounces.

The largest proposed increase, over 14 percent for some Automation Flats, is due to the increased cost of processing flat-shaped mail.

The proposed increase for Nonprofit is 5.6 percent. The increase proposed for Nonprofit ECR is substantially higher at 14.8 percent.

We are proposing lower pound rates (rates paid for items weighing more than 3.3 ounces) in order to better reflect the underlying costs. The residual shape surcharge for parcel-shaped pieces is proposed to increase. ECR pieces would not be eligible. Pieces subject to the residual shape surcharge would also be eligible for the parcel barcode discount.

For the first time, Delivery Confirmation, Return Receipt for Merchandise and Bulk Insurance Service would be available for parcels.

The overall proposed rate increase is 7.7 percent.

### DESTINATION ENTRY DISCOUNTS

Increased discounts are proposed for destination delivery unit (DDU), destination sectional center facility (DSCF) and destination bulk mail center (DBMC) drop shipment piece rates and pound rates. For piece rates, the DDU discount would increase from 2.6 to 2.8 cents, DSCF discount from 2.1 to 2.2 cents, and DBMC discount from 1.6 to 1.7 cents. For pound-rated pieces, the DDU discount would increase from 12.6 to 13.4 cents, the DSCF discount from 10 to 10.8 cents, and the DBMC discount from 7.9 to 8.3 cents.

## RESIDUAL SHAPE SURCHARGE

The residual shape surcharge for parcel-shaped pieces (or pieces prepared as parcels) would increase. Two separate fees are proposed. For Regular and Nonprofit, the fee would increase from 10 to 18 cents, and for ECR and Nonprofit ECR, the fee would increase from 10 to 15 cents.

## PARCEL BARCODE DISCOUNT

The proposal calls for Standard Mail parcels to be eligible for the 3-cent parcel barcode discount.

## SPECIAL SERVICES

For the first time, special services would be available for use with Standard Mail parcels. The following services are proposed for parcels:

- Delivery Confirmation
- Return Receipt for Merchandise
- Bulk Insured Service

Delivery Confirmation fees would be limited to the electronic option, at the same fee for Package Services.

## BULK PARCEL RETURN SERVICE

The \$1.75 bulk parcel return service fee would be reduced to \$1.65 per piece.

### Q. Why such a small increase in ECR rates in relationship to other Standard Mail rates?

A. ECR is used primarily for densely distributed advertising mail, which is less costly to handle and process. The less-than-average proposed increases for ECR reflect lower growth in its costs.

### Q. Why is there such a large increase for presorted and automation flats?

A. Costs of handling flat-shaped items such as periodicals and catalogs have increased more rapidly than the costs of handling letter mail. The proposed rate increase reflects the costs of processing and delivering these items.

### Q. Why are Nonprofit ECR rates increasing so much in relation to other Nonprofit rates?

A. The increases in Nonprofit rates are largely driven by underlying costs and the way these costs are required to be marked up under the law. The 5.6 percent increase proposed is substantially lower than the previous rate increase of 14.8 percent in 1999.

Nonprofit ECR rates are proposed to increase substantially more. The Postal Service is supporting legislative changes that would prevent even higher increases—over 35 percent—which would result under existing law.

### Q. Is the 10 cent residual shape surcharge increasing?

A. Yes. In addition, the proposal calls for two separate surcharges. For Regular and Nonprofit rates the surcharge would be 18 cents. For ECR and Nonprofit ECR rates, the proposed surcharge would be 15 cents.

### Q. Why are you proposing two different residual shape surcharges?

A. The residual shape surcharge was established in the last rate case to help cover the higher cost of handling par-

cel-shaped pieces. Under the current proposal, the surcharge in Regular can be partially offset if the mailer barcodes the parcel, for a net “surcharge” of 15 cents. The separate surcharge for ECR reflects the costs avoided by ECR, which bypasses parcel sorting operations altogether.

### Q. Will the parcel barcoded discount and special services be available for use with Standard Mail parcels?

A. Yes. Barcodes on Standard Mail parcels generate savings and the discount should encourage mailers to barcode. In response to proposals from our mailers, we also are adding the following special services: Delivery Confirmation, Return Receipt for Merchandise, and Bulk Insurance Service.

## Package Services

### PROPOSED CHANGES

The proposal reflects three name changes. Standard Mail (B) would be renamed Package Services. Special Standard Mail would be renamed Media Mail. Destination entered Parcel Post would be renamed Parcel Select. Parcel Post Intra- and Inter-BMC would continue to be called Parcel Post.

The major structural change for Package Services is the elimination of local rates and the addition of destination dropship discounts for Bound Printed Matter.

For the first time, all Package Services parcels weighing less than 16 ounces would be eligible

to be mailed at Package Services rates. Packages under 16 ounces would pay the rates for the current minimum weight cells for Parcel Post. Bound Printed Matter pieces weighing under 16 ounces would pay the one-pound rate.

Parcel Select-DBMC and Intra-BMC parcels would have new nonmachinable surcharges. Media Mail and Library Mail are proposed to have separate rates.

The proposal calls for larger-than-average increases in Bound Printed Matter rates and smaller increases in other rates. Parcel post origin bulk mail center (OBMC) and Bulk Mail Center (BMC) presort discounts would increase.

Overall, Parcel Post rates would increase by 1.3 percent, Media Mail by 4.9 percent, Library Mail by 4.5 percent and Bound Printed Matter by 18.1 percent.

## PARCEL POST PRESORTING DISCOUNTS

The Parcel Post OBMC presort discount is proposed to increase from 57 cents to 93 cents per piece. The BMC presorted discount would increase from 22 to 23 cents per piece.

## NONMACHINABLE SURCHARGE

There would be three nonmachinable surcharge rates. The nonmachinable surcharge for Inter-BMC Parcel Post would increase from \$1.65 to \$1.79 per piece. The new nonmachinable surcharges for Intra-BMC and destination BMC parcels would be 40 and 45 cents per piece, respectively.

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# HOW Rates Are Changed

**H**ow are stamp prices set and why are periodic adjustments necessary? There is often the perception that the Postal Service raises rates more frequently than it does, and without regard to our customers' concerns and input. The facts are quite different, and we want our customers to know the whole story.

Despite our record financial performance over the past five years, the Postal Service has accumulated losses from the past two decades that must be recovered. Through 1994, the Postal Service had accumulated losses of \$9 billion, and the record financial performance from the past five years

has brought those losses down to \$3.8 billion.

The Postal Service attempts to raise postage rates just enough to cover costs and sustain high-quality, universal service at a price our customers can afford—without taxpayer subsidies. We are an exceptional government service in that we have been self-supporting since 1982. Our income is from the sale of stamps and services, none of it from taxes.

The Postal Service does not set postage rates unilaterally. The Postal Reorganization Act of 1970 shifted rate-making authority from the Congress to two presidentially appointed bodies—the Postal Service Board of Gov-

ernors and the Postal Rate Commission (PRC).

When we determine, through cost and volume studies, that a rate adjustment is required, the Board of Governors requests a recommended decision from the independent PRC, which holds evidentiary hearings on the request. During these hearings, any interested party—Postal Service customers, competitors, mailing groups and members of the public—has the opportunity to intervene, providing evidence and argument reflecting their respective concerns with the rate request.

Following up to ten months of in-depth hearings, review, testimony and rebuttal, the PRC

makes a recommended decision on the proposed rates to the Governors. The Governors may order the new rates into effect as recommended or, in some circumstances, modify the recommendation, if necessary, to reflect appropriate revenue requirements. The decision of the Governors can be appealed to a federal court of appeals.

The Postal Service recognizes the concern about increased postage rates. We have been striving to control costs while increasing service performance and recovering past losses. Our past two rate increases, which, overall, were below the rate of inflation, reflect our record of success. ■

## RATE PROPOSAL BREAKDOWN

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### DELIVERY CONFIRMATION

The electronic Delivery Confirmation service fee for Package Services would remain at the current 25 cents. The retail Delivery Confirmation service fee would increase from 60 to 65 cents.

### BULK INSURED SERVICE

Bulk insured service discounts would increase substantially over the current discount of 40 cent per insured piece. Separate discounts would be available for "unnumbered" (\$50 and under) and "numbered" (\$50.01 to \$5,000) insured articles. The discount for unnumbered insured articles would be 75 cents per insured piece, and for numbered insured articles the discount would be \$1.00 less per insured piece.

### PICKUP SERVICE

Pickup service is available for Express Mail, Priority Mail and Parcel Post on an on-call basis. The fee for pickup service would increase from \$8.25 to \$10.25.

**Q. Is it true that if my package weighs less than a pound, I'll be able to use Parcel Post rates?**

**A.** Yes. In response to our customers, we are modifying our classification to allow Parcel Post and Bound Printed Matter weighing under one pound to be mailed at these rates.

**Q. Do I understand that there will be different non-machinable surcharges for parcel post depending on the rate?**

**A.** Yes, the nonmachinable surcharge for Inter-BMC rates would be \$1.79 per piece. And because there is less postal handling of Intra-BMC and DBMC parcels, the surcharge for those rates would be only 40 cents per piece for Intra-BMC rates and 45 cents per piece for destination BMC rates.

**Q. Why are you eliminating local zone rates for Bound Printed Matter?**

**A.** While we would be eliminating the local zone rates, we would be adding dropship discounts. The discounts would encourage mailers to deposit mail closer to the point of delivery in much the same way as Parcel Post and Standard Mail rates are now structured.

This would also be one step toward simplifying the rate structure for Package Services.

**Q. What is Parcel Select?**

**A.** It is Parcel Post entered at DBMC, DSCF or DDU rates, which were established in the last rate case. Mailers who enter their parcels deeper into the system have the benefits of service improvements or postage savings. ■

A complete chart of the proposed new rates can be found on the Postal Service Web site at **WWW.USPS.COM.**



## HARRY POTTER

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ery to the east and west coasts, we had been using commercial carriers.”

Pool was asked by her boss, Vice President and General Manager Steve Tait, to look at ways to reduce costs. “When our prior commercial carrier hit us with a price increase in the middle of our contract, we decided to look at alternatives,” Tait says. Tait had used drop shipment while working for a direct mailer in Colorado.

“We analyzed everything,” Pool says. “We were getting good service from the other carrier and we wanted the Postal Service to be able to match it.”

Scholastic started testing on the east coast in September 1998, drop shipping Standard (B) pallets directly into each Bulk Mail Center (BMC). “We started in Pittsburgh,” Pool says, “and the tests were very successful.” In January 1999, Scholastic switched its west coast shipments to Standard (B) Mail also.

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### “They look at us in the Postal Service as their mailing consultants.”

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Ahren Duke III  
National Account Manager



**Pool and Duke discuss operations at Scholastic's 1.5 million square foot book distribution center in Jefferson City, MO. In the lower left, shrinkwrapped pallets of books can be seen staged on the dock level for loading into trucks.**

“We looked at using a consolidator,” Pool says, “but we thought we could do it ourselves. You have to have the volume. If you can't fill up the truck, it's not cost-effective.”

“Service has been very acceptable,” Pool adds, “and the cost savings have been so great. Last year we saved \$1.7 million. This year we expect to save \$2.3 million.”

Scholastic tests delivery times using “bounce-back” cards sent to teachers. “We want to know when the package arrived, if it was in good shape and whether they're satisfied with the service,” Pool says.

As an additional check, Scholastic also uses Delivery Confirmation on 30 test pieces daily. “It's a reasonable sample,” Pool explains, “and we're getting good results. We're looking at moving to the electronic version of Delivery Confirmation.”

Ahren Duke III, the Postal Service National Account Manager for Scholastic, says, “They get a printout of how long it takes for their shipments to arrive. Delivery Confirmation is more accurate than the bounce-back cards. If they weren't getting the service, they would go back to the other carrier, even with the savings.”

The Postal Service has put together a team of customs specialists to work on international mailings with Scholastic. “We do a lot of international shipping with the Postal Service to English-speaking schools and military bases,” Pool says.

“We've always had a good relationship with the Postal Service,” Tait says. “Now it's a matter of opportunity development instead of just problem solving.” Duke adds, “They look at us in the Postal Service as their mailing consultants.” ■

**A**s Director of Delivery Services for Scholastic Inc. in Jefferson City, MO, Libby Pool was honored with a Mail Center Manager Award at the last National Postal Forum in Chicago. She offers this advice on getting the most out of available postal resources:

“Use your local account reps and postmaster as much as possible. The people in Transportation Networks are a great resource. The BMC service specialists are also a good source of information.

“Educate yourself. Get involved with your local Postal Customer Council. It's a great way to share information and do problem solving. It also helps if you have a knowledgeable staff. You need someone who knows the rules and regulations and rates.

“The lesson we learned is that we made one fairly large, basic change that saved us over \$2 million. All the effort was worth it in the long run.”

## Registration and Housing Policies and General Information

### NATIONAL POSTAL FORUM

Nashville, Tennessee

March 19-22, 2000

**Note: Housing and transportation are not included in the Registration Fees.**

### Register Now

Registration Forms and Fees received by March 3, 2000: You will receive your full confirmation **IN THE MAIL**.

Registration Forms and Fees received after March 3, 2000: **DO NOT MAIL**. Bring your forms and fees to register onsite.

### Cancellations

Cancellations received by the National Postal Forum prior to February 18, 2000, are subject to a \$25 processing fee. Cancellations received between February 18, 2000 and March 3, 2000 are subject to a \$100 processing fee.

No refunds, full or partial, will be issued for cancellations received by the National Postal Forum after March 3, 2000.

All cancellations must be received in writing by the National Postal Forum.

Cancellation of registration will automatically cancel your hotel room.

### Hotels

Check-in time 3:00 p.m.

Hotel deposits for the individual hotels will be requested from you by the hotel upon confirmation of your reservation unless already guaranteed by credit card. First night deposit will be immediately charged to credit card. Do not send hotel payment to the Postal Forum.

Suites will be assigned by the National Postal Forum. Call 703/293-2315 for further information on rates and availability.

Hotel reservations will not be made if form does not include arrival/departure dates or paid registration.

Government Rate Rooms: Please call the NPF Housing line at 703/293-2325.

Confirmation: Hotels will send confirmations to you within 14 working days of receiving the housing form from NPF.

### Send completed registration form as follows:

*Paying Registration by check, send to:*

**NPF  
DEPARTMENT 946  
MCLEAN, VA 22109-0946**

Overnight must be mailed via U.S. Postal Service Express Mail

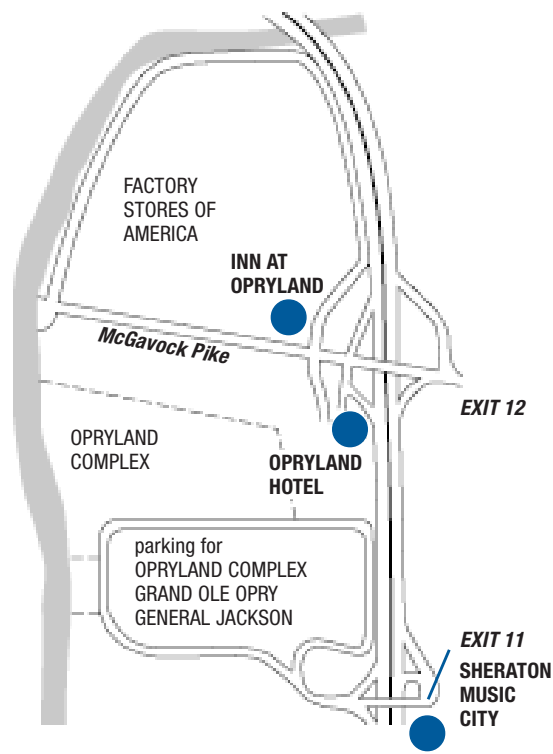
*Paying Registration by credit card, fax to:*

**FAX 703/218-5020**

**Do not fax if paying by check.**

**Questions?  
Call 703/218-5015**

### OPRYLAND AREA







# National Postal Forum

DEPARTMENT 946, MCLEAN, VA 22109-0946  
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## Registration Form

Nashville, Tennessee ■ March 19-22, 2000

Only one registrant per form, please. Photocopy this form for additional attendees.

**PLEASE TYPE OR PRINT ALL INFORMATION.**

For NPF Use Only

Batch \_\_\_\_\_  
Ck No. \_\_\_\_\_  
Amount \_\_\_\_\_

MMS00

Name: \_\_\_\_\_ Preferred name for badge: \_\_\_\_\_  
First M.I. Last  
Company: \_\_\_\_\_ Title: \_\_\_\_\_ E-mail: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP Code: \_\_\_\_\_  
Telephone number: (\_\_\_\_\_) \_\_\_\_\_ Ext.: \_\_\_\_\_ Fax number: (\_\_\_\_\_) \_\_\_\_\_

Have you ever attended a Forum? ☐ Yes ☐ No

Are you a member of a PCC? ☐ Yes ☐ No

If yes, name of PCC: \_\_\_\_\_

Are you a PCC Co-Chair? ☐ Yes ☐ No

Please indicate the categories which BEST represent your Job Function/Title. (CHOOSE ONLY ONE FROM EACH)

### FUNCTION:

☐ Administration  
☐ Consultant  
☐ Database  
☐ Financial

☐ Fulfillment  
☐ Human Resources  
☐ Information Technology  
☐ Mailing Services

☐ Operations  
☐ Sales & Marketing  
☐ Transportation  
☐ Other \_\_\_\_\_

### LEVEL:

☐ CEO/President  
☐ Director  
☐ Manager  
☐ Supervisor  
☐ Vice President  
☐ Other \_\_\_\_\_

### THESE RATES ARE FOR PRE-REGISTRATION ONLY.

On-Site Registration: a \$50 processing fee will be added to all categories except One Day and Exhibit Hall Only

**SELECT ONE OF THE FOLLOWING.** (Registration will be accepted ONLY if accompanied by full payment OR Government Training Forms.)

Rates are per person.

☐ **Full (01)** .....\$750  
Includes the full menu: Business and General Sessions, Consultation Centers, Exhibits, Welcoming Reception, PCC Event, Continental Breakfasts, Lunches, Wednesday evening event.

☐ **U.S. Postal Service (20)** .....\$695  
Same as Full Registration.

☐ **Group (02) (per person)** .....\$695  
PCC members pay this rate. For a group of four or more registrants from the same company, the group rate will be extended if all registrants are submitted at the same time, along with full payment. (Registration includes all other Forum sessions, meals and social activities.)

☐ **Business (03)** .....\$650  
Same as Full or Group Registration except Wednesday evening event.

☐ **Monday (04)** .....\$350  
Includes Business and General Sessions, Consultation Centers, Exhibits, Continental Breakfast and Lunch on the day chosen.

☐ **Tuesday (05)** (Same options as Monday) .....\$350

☐ **Wednesday (06)** (Same options as Monday) .....\$350

### OPTIONAL FEES:

☐ **Guest/Spouse (11)** (Food and social functions only) .....\$195  
Guest name required: \_\_\_\_\_

☐ **NPF Golf Tournament, Saturday, March 18, 2000** .....\$115  
The Springhouse Golf Club. Includes a shotgun start at 1:00 p.m., greens fees, cart, transportation, awards, lunch, reception and prizes. Forms must be received by Feb. 26, 2000, as long as space is available.

☐ **NPF 5K Fun Walk, Tuesday, March 21, 2000** .....\$15

**PAYMENT:** ☐ Check No. \_\_\_\_\_ in the amount of \$ \_\_\_\_\_.  
Make checks payable to NPF. (NPF FIN 52-608-0759.)

**DO NOT SEND CHECK OR MONEY ORDER FOR HOTEL TO NPF.**  
See cancellation penalty information on reverse side.

☐ **REGISTRATION** (See Note on back of form.)

☐ Charge \$ \_\_\_\_\_ to my ☐ American Express ☐ MasterCard ☐ VISA

Card # \_\_\_\_\_ Expiration \_\_\_\_ / \_\_\_\_

Signature \_\_\_\_\_

### HOTEL ASSIGNMENTS WILL NOT BE MADE WITHOUT A PAID AND COMPLETED FORUM REGISTRATION.

INDICATE YOUR HOTEL SELECTION. CIRCLE RATE CATEGORY PREFERRED.

HOTEL ASSIGNMENTS ARE ON A FIRST-COME, FIRST-SERVE BASIS. SUBJECT TO AVAILABILITY.

HOTEL DEADLINE: FEBRUARY 14, 2000

Preference (1, 2 & 3)		Single	Double
	Opryland Hotel	\$165	\$165
	—Garden Terrace Room	\$178	\$178
	Inn at Opryland	\$119	\$119
	Sheraton Music City	\$128	\$138

**ARRIVAL Date** \_\_\_\_\_ **DEPARTURE Date** \_\_\_\_\_

☐ **HOTEL GUARANTEE** ☐ American Express ☐ MasterCard ☐ VISA ☐ Diners

Card # \_\_\_\_\_ Expiration \_\_\_\_ / \_\_\_\_

See reverse of this form for more information about hotel reservations.  
State tax is 8.25%. Occupancy tax, 5%.

**Special Requests** (handicapped, non-smoking, crib, King, 2 doubles, govt.-rate rooms, etc.): \_\_\_\_\_

Visit us on the Internet at [npf.org](http://npf.org) or at [NationalPostalForum.org](http://NationalPostalForum.org)

**U**nder the new approach, called Standardized Acceptance and Verification (SAVE), mixed Automation Area Distribution Center (AADC) trays must be physically separated from other mail when the mailings are presented for verification. The change will be effective March 1, 2000 for mailings produced by MLOCRs and barcode sorters (BCSs) and effective July 1 for mailings produced by other means, such as computer.

In addition, automation letter rate mailings of 10,000 or more pieces must be accompanied by paper or electronic documentation in a standardized format. This eliminates the current option where standard-

# **new procedures for automation LETTER MAIL introduced**

**The Postal Service is changing its  
verification procedures for many  
First-Class and Standard (A)  
automation letter mailings to  
provide a standardized review of  
mail quality and improve mail  
preparation and presentment.**

## **new verification procedures for automation letter mailings**

**Effective date: March 1, 2000 for mail produced by MLOCRs; July 1, 2000 for other automation letter mail.**

- For First-Class and Standard Mail (A) automation letter mail, mixed AADC trays must be separated from other trays.
- For automation letter mailings of 10,000 pieces or more, documentation must be in a standardized format.
- First-Class Mail pieces over one ounce paid with precanceled stamps are prohibited from inclusion in combined mailings.

ized documentation is not required when the exact rate of postage is affixed to each piece or the pieces are of identical weight and physically separated for presentation.

As of January 3, there are new standardized reports required for mailings submitted under value added refund (VAR) or combined postage payment systems. Effective March 1, 2000, First-Class Mail pieces weighing over one ounce and paid with precanceled stamps will not be permitted to be included in combined mailings.

A standard four percent error tolerance will be applied to mailings verified under SAVE, including VAR and combined mailings. For the first time, VAR mailings will be treated like all other mailings and be liable for postage adjustments when the error tolerance is exceeded.

Feedback from various mailer groups, including the National Association of Presort

Mailers, was used in designing the procedures. Mailers are encouraged to use the SAVE procedures to make their own quality checks before submitting their mail for acceptance.

New marking requirements for automation letter mailings prepared by MLOCRs also went into effect January 3. These were developed in coordination with MLOCR manufacturers and software vendors. The new markings and documentation will help business mail acceptance clerks determine if the proper amount of postage has been claimed by the mailer.

Postal employees in entry units were trained in December on the new procedures. An overview presentation on SAVE and copies of the procedures for MLOCR and BCS mailers are available at business mail entry offices. Other automation letter mailers will receive similar information in May and June. ■

## **how to SAVE**

**T**he Standardized Acceptance and Verification (SAVE) procedure is the Postal Service's response to requests by business mailers for a verification process that is predictable, fair, consistent and documented. SAVE provides verification procedures for First-Class and Standard Mail (A) automation letter mailings, including those submitted under value added refund (VAR) procedures and combined postage payment systems.

There are two verification levels and error rate thresholds calculations under SAVE. The first level is for mailers who have been certified by the Postal Service under the Mail Preparation Total Quality Management (MPTQM) program. The second level is for mailers who are not part of the MPTQM program. For more information about MPTQM, visit our Web site at [www.usps.com/mptqm](http://www.usps.com/mptqm).

SAVE incorporates most of the separate procedures used today to verify mail. For example, it employs the current Automated Barcode Evaluation and short-paid mail verification procedures. However, under SAVE, various separate verification checks have been standardized, made more complete, and structured. Corrective actions have been clarified and more diagnostic information will be provided to mailers. ■

## STANDARD MAIL ENTRY PROCEDURES CHANGED

Under a proposed rule, the frequency for standing appointments for destination entry mailings of Standard Mail (A) and (B) will be changed from once a month to weekly. Also, when a mailer requests a standing appointment for such mailings at a destination delivery unit (DDU), the 5-digit ZIP Codes of the mail being deposited must be provided at the time of the request. The change is being made in order to align the processing of Standard (A) with Standard (B).

The change in appointment frequency was recommended by the Drop Shipment Appointment System (DSAS) workgroup of the Mailers Technical Advisory Committee (MTAC). Changing the frequency to once a week should reduce the number of no-shows and make more appointments available in the DSAS for other mailers.

Asking mailers to provide 5-digit ZIP Code information when making an appointment will ensure that the mail is being deposited at the correct facility. If the mailing is not for that facility, the DDU can inform the mailer of the correct facility to deposit the mail when the appointment is scheduled, saving mailers the added expense of additional stops to reroute the mail to the correct facility.

Electronic appointments or cancellations must be made at least 12 hours before the desired time and date. For deposit of DDU mailings, an appointment must be made with the DDU 24 hours in advance. Cancellations must be made at least one business day in advance.

Recurring appointments are allowed if shipment frequency

is once a week or more. Recurring appointments are renewable for a 6-month period. When Periodicals are transported together with Standard (A) or (B) as a mixed load, an appointment must be obtained for deposit at a destination entry facility.

## COMPETITORS RAISE RATES

Federal Express Corp. announced it will raise prices by 3 percent Feb. 1 on most domestic and international shipments, joining a similar price hike by UPS. Federal Express blamed rising fuel costs for the increase, stating that fuel prices contributed to a 6 percent decline in quarterly profits. United Parcel Service announced that its shipping rates will increase Feb. 7. UPS commercial rates for air service will increase 3.5 percent while commercial rates for ground services will rise by 3.1 percent. UPS will retain its \$1 surcharge for residential delivery. UPS' international export rates from the U.S. will go up 2.9 percent. UPS attributed the increases to higher labor costs, fuel expenses and its electronic-commerce push.

## ELECTRONIC SIGNATURES GIVEN EQUAL STATUS

The European Union (E.U.) adopted a law granting electronic signatures the same legality as hand-written signatures. Members of the E.U. are required to implement this new law within 18 months.

The U.S. House Judiciary Committee approved a similar bill giving electronic signatures equal status to those that are handwritten if both parties agree to use digital signatures to seal a transaction. This bill would not preempt existing state laws regarding this matter. However,

another pending bill, if passed, would preempt state laws. The Senate is expected to vote on both measures early this spring.

## MAIL GENERATES E-COMMERCE

A study commissioned by Pitney Bowes shows that direct mail is the most effective tool in getting customers to visit Web sites and order merchandise. According to the study, mail is valuable in developing awareness and sales and is seen as the best medium to develop long-term customer relationships. The 125 eCommerce companies surveyed used 43 percent of their marketing budgets in direct mail campaigns. Direct mail budgets are expected to grow by 25 percent over the next three years.

## POSTAL FORUM ELECTS OFFICERS

The National Postal Forum announced the election of its 2000 officers. Peter Lyons, from DuPont Nonwovens, is Chairman and CEO. Gene R. Howard, retired Pacific Area Vice President for the Postal Service, is Treasurer. Patricia Goldman, former Senior Vice President, Corporate Communications for USAir, is Secretary. Directors continuing on the National Postal Forum Board are Joseph Caraveo, who served as Chairman and CEO in 1998, and William David, who was president of Harte-Hanks Direct Marketing in Jacksonville, FL. The Forum is a nonprofit organization that sponsors the largest trade show for business customers of the Postal Service.

## MEMO to MAILERS

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Change Service Requested

A new Postal Service program provides mailers with a tool to improve the quality of their automated letter mailings. The Mail Quality Analysis (MQA) Program has been launched to give mailers diagnostic evaluations of their mailings in an effort to reduce costs due to improperly prepared mail. Such mail requires additional handling on the part of the Postal Service, which, in turn, increases costs that are eventually passed onto the customer.

"Mailers have been asking for years why we don't use our automated equipment to provide feedback on their mail quality. They were on the right track. Now, with the Revenue Assurance function, we have the folks available to do it," explains Scott Hamel, Rates and Classification Service Center Manager.

MQA provides an improved feedback procedure by giving mailers analysis reports so they can correct their mail preparation errors, which helps to prevent cost increases. The ultimate goal of the program is to improve mail quality so that the costs to the mailers are reduced.

"We really want mailers to focus on the quality of the product they produce. Some mail-

## MAIL QUALITY ANALYSIS PROGRAM LAUNCHED

by Lisa Afanasieff



ers see the future in that they already are working toward ISO 9000 or MPTQM (Mail Preparation Total Quality Management) certification or both. These mailers will be the industry leaders in quality," says Hamel.

MQA checks selected automation rate letter mail after it has been accepted. The program tests the quality of barcode readability and mail make-up by run-

ning the mailing, or a portion of it, through Barcode Sorters (BCSs). Mixed AADC mail will always be analyzed. Information from the run data is then compared to the mailer's documentation for the mailing.

Initially, MQA will focus on large-volume mailings. The program will be implemented in two phases. The first began in January and will continue through June 2, 2000. During

the first phase, no postage assessments will be made for any errors detected. The quality test data will provide the mailer with information on the kinds of errors found so future mailings can be prepared properly.

After June 2, 2000, additional postage will be assessed if the error rate exceeds 5 percent. No error amount less than \$50 will be assessed. Mailers will not have the option of reworking MQA reviewed mail to avoid a postage adjustment.

All results will be reported, including mailings with perfect scores. If a mailer's first MQA report is not made until after June 3, that report will be used for diagnostic purposes only and no assessment will be made.

MQA is a joint effort between the Postal Service's business mail entry unit, revenue assurance and mail processing functions. Hamel explains, "MQA is just one of a wide range of tools the Postal Service is providing business mailers to help ratchet up the quality of the mail they produce."

Mailers can find aids to improve mail quality in the design and setup stages on the Postal Service Web site ([www.usps.com](http://www.usps.com)) or at postal business centers and business mail entry units. ■